

Defense Federal Acquisition Regulation Supplement

Part 249—Termination of Contracts

SUBPART 249.70--SPECIAL TERMINATION REQUIREMENTS

(Revised June 27, 2000)

249.7000 Terminated contracts with Canadian Commercial Corporation.

(a) Terminate contracts with the Canadian Commercial Corporation in accordance with—

(1) The Letter of Agreement (LOA) between the Department of Defence Production (Canada) and the U.S. DoD, “Canadian Agreement” (for a copy of the LOA or for questions on its currency, contact the Foreign Contracting Directorate, Office of the Director of Defense Procurement, (703) 697-9351, DSN 227-9351));

(2) Policies in the Canadian Agreement and Part 249; and

(3) The Procedures Manual on Termination of Contracts, Public Works and Government Services Canada.

(b) Contracting officers shall ensure that the Canadian Commercial Corporation submits termination settlement proposals in the format prescribed in FAR 49.602 and that they contain the amount of settlements with subcontractors. The termination contracting officer (TCO) shall prepare an appropriate settlement agreement. (See FAR 49.603.) The letter transmitting a settlement proposal must certify—

(1) That disposition of inventory has been completed; and

(2) That the Contract Claims Resolution Board of the Public Works and Government Services Canada has approved settlements with Canadian subcontractors when the Procedures Manual on Termination of Contracts requires such approval.

(c)(1) The Canadian Commercial Corporation will—

(i) Settle all Canadian subcontractor termination claims under the Canadian Agreement; and

(ii) Submit schedules listing serviceable and usable contractor inventory for screening to the TCO (see FAR 45.6).

(2) After screening, the TCO must provide guidance to the Canadian Commercial Corporation for disposition of the contractor inventory.

(3) Settlement of Canadian subcontractor claims are not subject to the approval and ratification of the TCO. However, when the proposed negotiated settlement exceeds the total contract price of the prime contract, the TCO shall obtain from the U.S. contracting officer prior to final settlement—

(i) Ratification of the proposed settlement; and

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(ii) A contract modification increasing the contract price and obligating the additional funds.

(d) The Canadian Commercial Corporation should send all termination settlement proposals submitted by U.S. subcontractors and suppliers to the TCO of the cognizant contract administration office of the Defense Contract Management Agency for settlement. The TCO will inform the Canadian Commercial Corporation of the amount of the net settlement of U.S. subcontractors and suppliers so that this amount can be included in the Canadian Commercial Corporation termination proposal. The Canadian Commercial Corporation is responsible for execution of the settlement agreement with these subcontractors.

249.7001 Congressional notification on significant contract terminations.

(a) Congressional notification is required for any termination involving a reduction in employment of 100 or more contractor employees. Proposed terminations must be cleared through department/agency liaison offices before release of the termination notice, or any information on the proposed termination, to the contractor.

(b) Department and agency liaison offices will coordinate timing of the congressional notification and public release of the information with release of the termination notice to the contractor. Department and agency liaison offices are—

- (1) Army - Chief, Legislative Liaison (SALL-SPA)
- (2) Navy - Chief of Legislative Affairs (OLA-N)
- (3) Air Force - SAF/AQC
- (4) Defense Advanced Research Projects Agency - CMO
- (5) Defense Information Systems Agency - Contract Management Division
(Code 260)
- (6) Defense Intelligence Agency - RSQ
- (7) Defense Logistics Agency - DLSC-P
- (8) National Imagery and Mapping Agency - HQ NIMA (AQ)
- (9) Defense Threat Reduction Agency - Acquisition Management Office (AM)
- (10) National Security Agency/Central Security Service - Chief, Office of Contracting
- (11) Ballistic Missile Defense Organization - Director of Contracts (BMDO-DCT)

(c) Request clearance to release information in accordance with departmental procedures as soon as possible after the decision to terminate is made. Until

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clearance has been obtained, treat this information as “For Official Use Only” unless the information is classified.

(d) Include the following in the request for clearance—

- (1) Contract number, date, and type of contract;
- (2) Name of the company;
- (3) Nature of contract or end item;
- (4) The reason for the termination;
- (5) Contract price of the items terminated;
- (6) Total number of contractor employees involved, including the Government's estimate of the number who may be discharged;
- (7) Statement of anticipated impact on the company and the community;
- (8) The area labor category, whether the contractor is a large or small business, and any known impact on hard core disadvantaged employment programs;
- (9) Total number of subcontractors involved and the impact in this area; and
- (10) An unclassified draft of a suggested press release.

(e) To minimize termination costs, liaison offices will act promptly on all requests for clearances and provide a response not later than two working days after receipt of the request.

(f) This reporting requirement is assigned Report Control Symbol DD-AT&L (AR)1412.

249.7002 Reserved.

249.7003 Notification of anticipated contract terminations or reductions.

(a) Section 1372 of the National Defense Authorization Act for Fiscal Year 1994 (Pub. L. 103-160) and Section 824 of the National Defense Authorization Act for Fiscal Year 1997 (Pub. L. 104-201) are intended to help establish benefit eligibility under the Job Training Partnership Act (29 U.S.C. 1661 and 1662) for employees of DoD contractors and subcontractors adversely affected by termination or substantial reductions in major defense programs.

(b) Departments and agencies are responsible for establishing procedures to:

(1) Identify which contracts (if any) under major defense programs will be terminated or substantially reduced as a result of the funding levels provided in an appropriations act.

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(2) Within 60 days of the enactment of such an act, provide notice of the anticipated termination of or substantial reduction in the funding of affected contracts—

(i) Directly to the Secretary of Labor; and

(ii) Through the contracting officer to each prime contractor.

(c) Use the clause at 252.249-7002, Notification of Anticipated Contract Termination or Reduction, in all contracts under a major defense program.